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19828
27 1995 10 19 AM

December 19, 1995

Secretary
INTERSTATE COMMERCE COMMISSION
1201 Constitution N.W.
Washington, DC 20423

FEDERAL EXPRESS

DOCUMENTS FOR RECORDATION

Re: MASSACHUSETTS CENTRAL
RAILROAD CORPORATION

Dear Secretary:

We have enclosed an original and one copy/counterpart of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Security Agreement, a primary document dated December 19, 1995.

The names and addresses of the parties to the document are as follows:

Debtor:

Massachusetts Central Railroad Corporation
One Wilbraham Street
Palmer, Massachusetts 01069-9560

Secured Party:

Country Bank for Savings
75 Main Street
Ware, Massachusetts 01082-2003

Description of Collateral:

Various collateral including without limitation the following locomotives:

One (1) Mass Central Locomotive #2100
General Motors Electro-Motive Division (EMD)
Model NW5, Built 1946-1947 (D/100002)
Diesel Engine Type 12-567-BC (Rebuilt, 1989)
Serial #A 9604

RECEIVED

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INTERSTATE COMMERCE COMMISSION

December 19, 1995

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One (1) Mass Central Locomotive #2443
General Motors Electro-Motive Division (EMD)
CF-7 Road Switcher, Built 1977
Diesel Engine Type 16-567-BC
Serial #K 50-11816

A fee of \$21.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to:

Eugene B. Berman, J.D.
KAMBERG, BERMAN, P.C.
One Financial Plaza, 15th Floor
Springfield, MA 01103-1628

A short summary of the document to appear in the index follows:

A security interest dated December 19, 1995 in various collateral including without limitation the following locomotives:

One (1) Mass Central Locomotive #2100
General Motors Electro-Motive Division (EMD)
Model NW5, Built 1946-1947 (D/100002)
Diesel Engine Type 12-567-BC (Rebuilt, 1989)
Serial #A 9604

One (1) Mass Central Locomotive #2443
General Motors Electro-Motive Division (EMD)
CF-7 Road Switcher, Built 1977
Diesel Engine Type 16-567-BC
Serial #K 50-11816

granted by Massachusetts Central Railroad Corporation to Country Bank for Savings to secure a note of even date.

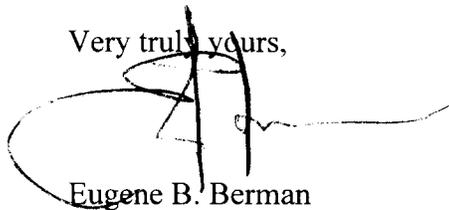
INTERSTATE COMMERCE COMMISSION

December 19, 1995

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Please acknowledge the receipt and filing of the enclosed Security Agreement by returning to this office a date-stamped copy of this letter in the pre-paid Federal Express "packet" provided for this purpose.

Very truly yours,

A handwritten signature in black ink, appearing to read "Eugene B. Berman". The signature is written over the typed name and extends to the right.

Eugene B. Berman

Attorney for,

Massachusetts Central Railroad Corporation

EBB/cmd

Enclosures: Security Agreement (original and copy)
Check, \$21.00
Letter (copy)
Federal Express Packet (Return)

FEDERAL EXPRESS AIRBILL NO. 8052061463

c: Jonathan C. Sapirstein, Esq.
SAPIRSTEIN & SAPIRSTEIN, P.C.
1350 Main Street
Springfield, MA 01103



Interstate Commerce Commission
Washington, D.C. 20423-0001

Office Of The Secretary

12/22/95

Eugene B. Berman, J.D.
Kamberg, Berman, P.C.
One Financial Plaza, 15th Floor
Springfield, MA., 01103-1628

Dear

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of
the Interstate Commerce Act, 49 U.S.C. 11303, on _____ at _____, and
assigned recordation number(s).

12/22/95 9:20AM

19828.

Sincerely yours,


Vernon A. Williams
Secretary

Enclosure(s)

(0100901002)

\$ _____ The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature _____



SECURITY AGREEMENT

19828

22 1995 7:20 AM

1.00 SECURITY INTEREST

Massachusetts Central Railroad Corporation (hereinafter called "Borrower") of One Wilbraham Street, P.O. Box 958, Palmer, Hampden County, Massachusetts, for valuable consideration received, including without limitation, a loan by "Secured Party" of even date in an amount of TWO HUNDRED FIFTY THOUSAND and NO/100 DOLLARS (\$250,000.00), receipt of which is hereby acknowledged, hereby pledges, assigns, transfers and grants to Country Bank for Savings, a Massachusetts banking corporation, with a place of business at 75 Main Street, Ware, Hampshire County, Massachusetts (herein called "Secured Party"), a continuing lien and security interest in the following:

SEE ANNEX "A" ATTACHED HERETO.

And all of the above, wherever located, whether now owned or possessed or hereafter arising or acquired and including the products and proceeds thereof and all accessions and additions thereto and all replacements and substitutions therefore, cash and stock dividends (if applicable) and all proceeds of credit, fire, casualty, or other insurance upon said property, or any of the above which are acquired with any cash proceeds, or other collateral (all hereinafter called the "Collateral"). The term "proceeds" shall include, without limitation, all types of classifications of non-cash proceeds acquired with cash proceeds.

2.00 OBLIGATIONS SECURED

The security interest hereby granted is to secure payment and performance of all debts, liabilities, and obligations of Borrower, its guarantors, sureties or endorsers to Secured Party of every kind and

description, direct or indirect, absolute or contingent, now due or to become due, now existing or hereafter arising, including those which Secured Party may have obtained by assignment or otherwise, and further including, without limitation, all interest, fees, charges and expenses including expenses of the Secured Party's counsel in the maintaining, foreclosing and selling of any of the Collateral (all hereinafter called "Obligation"). IT IS THE TRUE, CLEAR, AND EXPRESS INTENTION OF THE BORROWER that the continuing grant of this security interest remain as security for payment and performance of the Obligation, whether now existing, or which may hereinafter be incurred by future advances, or otherwise; and whether, or not, such Obligation is related to the transaction described in the agreement, by class, or kind, or whether or not contemplated by the parties at the time of the granting of this security interest. The notice of the continuing grant of this security interest therefore shall not be required to be stated on the face of any document representing any such Obligation, nor otherwise identified it as being secured hereby; and if such Obligation shall remain, or become that of less than all of the Borrower herein, any Borrower not liable therefore hereby expressly hypothecates its ownership interest in the collateral to the extent required to satisfy said Obligation, without restriction, or limitation. Any such Obligation shall be deemed to have been made pursuant to Section 9-204(3) of the Uniform Commercial Code.

3.00 PERFECTION

Borrower agrees that any failure of perfection or other bar to lawful enforcement of this security agreement, wholly or in part, shall not constitute an impairment of said collateral by the Secured Party and the Borrower specifically agrees that any such happening shall not cause a waiver or other defense by Borrower, upon its obligations hereunder or upon all obligations incurred by it upon any guaranty, pledge, endorsement, or other agreement executed by it in connection with this financial transaction.

4.00 REPRESENTATIONS AND WARRANTIES

Borrower represents, warrants and agrees that:

4.01 It has no chief executive office or principal place of business other than that shown above and that Borrower also keeps its records concerning accounts, and other property, as well as all Collateral, at said location, unless otherwise specified by annex to this agreement. Borrower will immediately notify Secured Party in writing of any change in, or intent to change, the location of any place of business or any collateral or the establishment of any new chief executive office, principal place of business, new place of business, new location of inventory, or new office where its aforesaid records are kept.

4.02 Borrower's balance sheet (if otherwise required by Secured Party) heretofore delivered to Secured Party is Borrower's latest available balance sheet and fairly represents Borrower's assets, liabilities, and capital as of the date of this Agreement.

4.03 Borrower has obtained and will maintain in force all applicable licenses, franchises and approvals required by any governmental authority or agency for the unrestricted operation of Borrower's business and properties.

4.04 Secured Party may, without notice to or consent by the Borrower or its guarantors or endorsers, and in the first instance, foreclose and liquidate this or other security, wholly, or in part upon default; may release any party primarily or secondarily liable for any of the obligations, wholly or in part, may grant extensions, modifications, renewals or indulgences with respect to any of the obligations; and may apply to any of the obligations, the proceeds of the collateral, or any amount received on account of the collateral, by the exercise of any right permitted hereunder, without resorting or regard to other parties, security or sources of reimbursement.

4.05 If this financial transaction shall contemplate a security interest in favor of the Secured Party upon collateral to be situate in premises other than those owned or in the sole control of Borrower, with

consent of the Secured Party, may store or warehouse such collateral only after the landlord or warehouseman has recognized and subordinated to Secured Party's interest.

4.06 The Borrower will keep all of the Collateral in good repair, working order and condition, and from time-to-time to the extent required by the exercise of sound business judgment, will make all needful and proper repairs, renewals, replacements, additions and improvements thereto.

4.07 The Borrower covenants that it owns all of its real and personal property and has good and marketable title thereto, free and clear of all security and other interests, taxes or other liens and encumbrances, excepting only those pledged to the Secured Party in connection herewith or which the Secured Party has been notified of, in writing, prior to the execution of these documents, or which the Secured Party may otherwise, in writing, specifically allow to remain a lien or encumbrance superior to its security interest. Borrower further covenants that there are no outstanding commitments of the Borrower relative to the purchase, sale, creation of a security interest, lien, mortgage or lease of personal property or real estate, except those presently of record. The Borrower will not make, create, incur or suffer or permit to be created, incurred or to exist, any mortgage, pledge, lien, charge or other encumbrance or security interest of any kind upon or in any of their property, or other assets of any character whether now owned or hereafter acquired.

5.00 FURTHER AGREEMENTS OF BORROWER

5.01 Borrower agrees at all times to keep all Collateral which is secured to the Secured Party insured by financially sound and reputable insurers satisfactory to the Secured Party against loss or damage by fire, water, theft, explosion, or other hazards insured against by extended coverage, in amounts not less than full fair market value as additional insured, exclusive of depreciation, with loss payable to Secured Party. As further assurance for the payment and performance of the Obligations,

Borrower hereby assigns to Secured Party all sums, including return of unearned premiums, which may become payable under any policy of insurance on the Collateral and Borrower hereby directs each insurance company to make such sums directly payable to Secured Party. All original binders and insurance policies shall be tendered directly to the Secured Party upon issuance by the insurer.

5.02 Borrower hereby irrevocably appoints Secured Party as attorney and agent-in-fact for Borrower in filing, obtaining, adjusting, settling or litigating all insurance claims and endorsing any payments or other drafts without the need for notice of consent of Borrower in connection therewith. All insurance policies shall be noncancelable without twenty (20) days written notice to Secured Party.

5.03 Borrower will at all times keep in a manner satisfactory to the Secured Party accurate and complete records of the Collateral, including, particularly, Borrower's accounts, inventory and equipment, and Secured Party, or any of its agents, shall have the right to require an Officer's Certificate attesting thereto, and to call at Borrower's place or places of business at intervals to be determined by Secured Party, and without hindrance or delay, and at Borrower's expense to inspect, audit, check and make extracts from and copies of the books, records, journals, orders, receipts and correspondence which relate to Borrower's Collateral or other transactions between the parties hereto.

5.04 Borrower will comply with all laws and regulations of the United States or of any state or municipality or of any political subdivision thereof, or of any other governmental authority which may be applicable to it or to its business.

5.05 Borrower will not make any loans or advances to any individual, firm or corporation, including without limitation, its officers, directors and employees.

5.06 Borrower will not purchase any stock or securities of any individual, firm or corporation, unless specifically authorized by Secured Party, in writing, in the sole discretion of Secured Party.

5.07 Borrower, during the term of this Agreement, will not enter into any agreements of guaranty on the obligations of any individual, partnership, trust or corporation, including affiliate or subsidiary corporations, excepting only any agreements of guaranty in favor of Secured Party.

5.08 At any time, and at the Borrower's expense, Secured Party may, in its own name or in the name of its representatives, communicate with account debtors in order to verify with them to Secured Party's satisfaction the existence, amount and terms of any accounts or contract rights and at the request of Secured Party, both prior to and subsequent to default hereunder, Borrower will, upon request by Secured Party, notify its account debtors to pay in the amounts owed by them to Secured Party, and Secured Party may, if it so elects, send notices itself.

5.09 If separate assignments and pledges are granted by Borrower, the rights and security interests given thereby shall be in addition to and not in limitation of the rights and security interests given by this Agreement. This Agreement shall not act to terminate, cancel, revoke, nor otherwise cause a novation, estoppel, or waiver of any or all prior obligations and security interests granted by Borrower to Secured Party in and to any collateral contemplated by these presents, or otherwise, wholly or in part, and without exception; and any and all such security interests and obligations shall continue to remain properly perfected by Borrower to Secured Party and due and owing in their terms and without interruption.

5.10 At its option, Secured party may discharge taxes, assessments, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance on the Collateral and may pay for the maintenance and preservation of the Collateral. Borrower agrees to reimburse Secured Party on demand for any payments made, or any expenses, including attorneys' fees incurred by Secured Party pursuant to the foregoing

authorization, and upon failure of Borrower so to reimburse Secured Party, any such sums paid or advanced by Secured Party shall be deemed to constitute part of the Obligations and be secured by the Collateral.

5.11 At the option of the Secured Party, the Borrower shall promptly cause any and all computer services bureaus utilized by it, if any, to enter into an agreement with the Secured Party providing for access by the Secured Party to data relating to the Accounts and Inventory of the Borrower.

5.12 Financial Statements and Other Information. The Borrower will deliver to the Secured Party the following:

(a) as soon as available, and, in any event, within forty-five (45) days after the end of each quarter, except the last quarter, statements of income and retained earnings of the Borrower for the said immediate portion of the fiscal year just ended, together with comparative figures for the same period of the preceding year, all in reasonable detail certified by the principal financial officer of the Borrower.

(b) as soon as available, and, in any event, within ninety (90) days after the end of the fiscal year, statements of income and retained earnings of the Borrower for such fiscal year, and the signed and dated balance sheet of the Borrower as at the end of such fiscal year, together in each case with comparative figures for the immediately preceding fiscal year, all in reasonable detail, and reviewed by independent public accountants of recognized standing selected by the Borrower, and acceptable to the Secured Party, unless waived by the Secured Party, in writing.

(c) The Borrower will deliver to the Secured Party annually and within ninety (90) days after each fiscal year, a certificate by the Borrower that to the best of its knowledge, no default exists under this Agreement, or under any indenture pursuant to which any other indebtedness of the Borrower is outstanding, and that all the terms of this credit agreement and other agreements by the Borrower to the Secured Party have been fully performed, or shall specify the nature of any default and the steps taken by the Borrower to correct such default; unless waived by the Secured Party, in writing.

(d) From time-to-time, such additional information regarding the financial condition or business of the Borrower as the Secured Party may reasonably request.

5.13 All, or any portion of the financial information provided to the Secured Party by the undersigned from time-to-time or other financial condition of the Borrower known to the Secured Party may be provided intact or synopsised and thereafter transmitted to other banking or financial institutions or other parties requesting credit information as to the Borrower.

5.14 Without the written consent of the Secured Party and during the term of this Agreement, the Borrower will not hereinafter create, incur, permit, or suffer to be created or incurred, or otherwise liable directly or indirectly (whether by direct obligation, guaranty, surety, indemnity, or other) on any indebtedness or obligation to any party, at any time, except the following:

(a) Indebtedness with respect of the Notes and/or other obligations to the Secured Party.

(b) Trade debt incurred in the normal course of business.

5.15 The Borrower further agrees that it will not, without the prior written consent of the Secured Party, cause, suffer, or permit their net worth, or net working capital as defined herein, at any time, to be less than as presently existing.

"Net worth" shall mean the amount by which assets, after deduction of depreciation and other valuation reserves, exceeds the amount of the liabilities of the Borrower, all determined in accordance with generally accepted principles and practices of accounting, on a cash basis, excluding from such assets, however, good will and other assets generally defined as intangibles. "Net working capital" shall mean the amount by which their current assets exceed their current liabilities, all determined in accordance with generally accepted principles and practices of accounting on a cash basis, provided, however, that deferred and prepaid items, security deposits,

tax claims, and cash surrender value of life insurance are not to be considered current assets in the computation of working capital. The determination of any such reduction in net worth or net working capital, shall at all times remain solely in the discretion of the Secured Party.

5.16 Except as provided hereinbefore, without the prior written approval of the Secured Party, the Borrower will not directly or indirectly, become liable, as lessee or as guarantor or other surety, upon or with respect to any lease from any lessor of any property theretofore owned by the Borrower to any person, firm, or corporation other than the Borrower, or upon the lease purchase otherwise contemplated by the Borrower.

5.17 The Borrower will continue to engage in the Business in which it is now engaged until the Obligation is fully paid.

5.18 Borrower agrees that, at all times during which it is obligated to the Secured Party, and unless expressly authorized by the Secured Party in writing to the contrary, it will maintain its principal demand deposit account with the Secured Party and will inform the Secured Party as to the location of all other deposit balances, if, as, and when the same are opened, forthwith.

5.19 The Borrower will pay all taxes, assessments, or governmental charges levied, assessed or imposed against it or its properties or arising out of its operations promptly as they become due and payable, provided, however, that the Borrower shall have set aside on its books, reserves deemed by it adequate therefore. The Borrower shall have the right to contest in good faith by appropriate proceedings any such taxes, assessments, or governmental charges or levies and, pending such contest, may delay or defer the payment thereof unless the property of the Borrower will be in danger of being forfeited or lost. If requested by the Secured Party, the Borrower will furnish the Secured Party with proof satisfactory of the payment or deposit of FICA and withholding taxes required of Borrower by applicable law, provided, however, that at no time shall Secured Party assume any obligation for reserving or paying said obligations, nor shall Secured Party, at any

time, have any duty to inquire of Borrower as to its actions or conduct with respect thereto. If requested such proof shall be furnished within five (5) days after the due date established by law for such payment or deposit.

5.20 In the event Borrower files for protection under the Bankruptcy Code, Secured Party requires "adequate protection" prior to Borrower's use of "cash collateral" as defined in said Code, or the Collateral.

5.21 None of the above shall constitute an intrusion into management prerogatives but rather reflect the importance of present management and cash flow data to the making and maintaining of this credit.

6.00 FINANCING STATEMENTS

The Borrower hereby agrees to execute, deliver, and pay the cost of filing any financing statement, or other notices appropriate under applicable law, in respect of any security interest created pursuant to this Agreement which may at any time be required for which, in the opinion of the Secured Party, may at any time be desirable. In the event that any re-recording or re-filing thereof (or the filing of any statements of continuation or assignment of any financing statement) is required to protect and preserve such lien or security interest, the Borrower shall, at its cost and expense, cause the same to be re-recorded, and/or re-filed at the time and in the manner requested by the Secured Party. The Borrower hereby irrevocably designates the Secured Party, its agents, representatives and designees as agents and attorneys-in-fact for the Borrower to sign such financing statements on behalf of the Borrower and file the same.

7.00 BORROWER'S RIGHTS UNTIL DEFAULT

In the absence of any default in the Obligations and any default hereunder, Borrower shall have the right in the regular course of business, to possess and manage the Collateral, and in the ordinary course of business sell their inventory and other assets which are not material to the continuation of Borrower's business; provided, however, said right shall not

include the right to transfer assets in total or partial satisfaction of a debt, and also subject to limitations and restrictions existing in this agreement, and any loan agreement, promissory note, or other agreements with Secured Party, now or hereafter made.

8.00 DEFAULT

Borrower shall be in default under this Agreement ten (10) days after the occurrence of any of the following events or conditions without demand or notice from the Secured Party:

8.01 Failure to observe or perform any of its agreements, warranties or representations in this Agreement or in any agreement with Secured Party or other person or organization for borrowed money or purchase money now or hereinafter made.

8.02 Material loss or theft, substantial damage or destruction, unauthorized sale to or encumbrance of any material amount of the Collateral in excess of reasonably expected recoveries under insurance policies, or the making of any levy, seizure or attachment thereof or thereon;

8.03 Failure of Borrower to pay when due any amount payable by them to the Secured Party under any of their obligations to the Secured Party when and as the same shall become due, whether at maturity or by acceleration or otherwise.

8.04 Dissolution, termination of existence, insolvency, business failure, appointment of a receiver or custodian of any part of Borrower's property, granting of an assignment for the benefit of creditors or trust mortgage by Borrower, the recording or existence of any lien for unpaid taxes, the commencement of any proceedings under any bankruptcy or insolvency laws of any State or of any Chapter of the United States Bankruptcy Code or its successors statutes by or against Borrower.

8.05 Default in any agreement or undertaking to which the Borrower are parties or by which Borrower are bound or affected, whether in connection with this financial transaction or other.

8.06 Any adverse changes in the financial condition or business of Borrower as determined by the Secured Party in its sole and exclusive discretion, at any time during the term hereof.

8.07 If Secured Party in its sole and exclusive discretion shall deem itself to be insecure with respect to the payment or performance of any obligation of the Borrower at any time during the term hereof.

8.08 The making by the Borrower, or its co-makers, endorsers, or other sureties, of any misrepresentation to the Secured party for the purpose of obtaining credit or an extension of credit.

9.00 SECURED PARTY'S RIGHTS

Upon default and at any time thereafter, unless prior right so to do has otherwise been expressly reserved to the Secured Party, the Secured Party may, without presentment, demand, notice, protest or advertisement to the Borrower or its endorsers:

9.01 If not undertaken prior thereto, notify, or cause Borrower to notify account debtors at Borrower's expense, that the Collateral has been assigned to Secured Party and that payments shall be made directly to Secured Party and upon request of Secured Party. This right may be exercised by the Secured Party at any time, even prior to default. Borrower will immediately, upon receipt of all checks, drafts, cash and other remittances, deliver the same in kind to the Secured Party. Secured Party shall have full power to collect, compromise, endorse, sell or otherwise deal with the Collateral or proceeds thereof in its own name or in the name of the Borrower.

9.02 Enter and take possession of all Collateral and the premises on which they are located, and the Secured Party, at its sole discretion, may hold, maintain, operate or use Borrower's equipment, complete work in process and sell inventory without being liable to the Borrower on account of any losses, damage or depreciation that may occur as a result thereof so long as Secured Party shall act reasonably and in good faith and Secured Party may lease or license the Collateral to third persons or entities for such

purposes; and, in any event, Secured Party may at its option and sell, lease, assign and deliver, the whole or any part of the Collateral at public or private sale for cash, upon credit, or for future delivery, at such prices and upon such terms as Secured Party deems advisable, including without limitation the right to sell or lease in conjunction with other property, real or personal, and allocate the sale proceeds or leases among the items of property sold without the necessity of the Collateral being present at any such sale, or in view of prospective purchasers thereof. Secured Party shall give Borrower timely notice by first class United States mail, postage prepaid; notice shall be deemed to have been given when so deposited in the mail at the address specified herein, of the time and place of any public or private sale or other disposition unless the Collateral is perishable, threatens to decline speedily in value, or is the type customarily sold in a recognized market. Upon such sale, Secured Party may become the purchaser of the whole or any part of the Collateral sold, discharged from all claims and free from any right of redemption. In case of any such sale by Secured Party of all of said Collateral on credit, or for future delivery, such property so sold may be retained by Secured Party until the selling price is paid by the purchaser. The Secured Party shall incur no liability in case of the failure of the purchaser to take up and pay for the property so sold. In case of any such failure, the said Collateral may be again, from time-to-time, sold.

9.03 Occupy and use, without expense to Secured Party all premises which the Borrower now have or occupy, or may hereafter have or occupy, to the extent Borrower could legally do so, and may use all trademarks, service marks, trade names, trade styles, logos, goodwill, trade secrets, franchises, licenses and patents and all rights attendant and subsidiary thereto which the Borrower now have or may hereafter acquire, wherever located.

9.04 Act as attorney-in-fact for Borrower for the purposes hereinafter described, and for consideration paid, Borrower does hereby make, constitute and appoint any officer or agent of Secured Party as Borrower's true and lawful attorney-in-fact, with full power; to endorse the name of Borrower or

any of the Borrower's officers or agents upon any assignments, notes, checks, drafts, money orders, or other instruments of payment or Collateral that may come into possession of Secured Party; to sign and endorse the name of Borrower or any of Borrower's officers or agents upon any negotiable instrument, invoice, freight or express bill, bill of lading, storage or warehouse receipts, drafts, assignments, verifications and notices in connection with accounts, and any instruments or documents relating thereto or to Borrower's rights therein; to give notice to the United States Post Office to effect changes of address so that mail addressed to the Borrower may be delivered directly to the Secured Party for purposes accepting same and obtaining access to contents, in order to take possession of such accounts receivable monies and with full power to do any and all things necessary to be done in and about the premises as fully and effectually as Borrower might or could do; and Borrower does hereby ratify all that its said attorney shall lawfully do or cause to be done by virtue hereof.

9.05 Make the Obligation immediately due and payable, without presentment, demand, protest, hearing or notice of any kind and exercise the remedies of a Secured Party afforded by the Uniform Code and other applicable law or by the terms of any agreement between Borrower and Secured Party.

9.06 In the case of any sale or disposition of the Collateral, the proceeds thereof shall first be applied to the payment of the expenses of such sale, commissions, reasonable attorneys' fees and all charges paid or incurred by Secured Party pertaining to said sale, including any taxes or other charges imposed by law upon the Collateral and/or the owing, holding transferring thereof; secondly, to pay, satisfy and discharge the Obligations secured hereby and thirdly, to pay the surplus, if any in accordance with law.

9.07 Require the Borrower to assemble the Collateral in a single location at a place to be designated by Secured Party and make the Collateral at all times secure and available to the Secured Party.

9.08 The Secured Party shall also have a security interest in and right of set off against any balance on any deposit, deposit account, agency, reserve, holdback or other amount maintained by or on behalf of the Borrower with the Secured Party, and Secured Party shall have the right to apply the proceeds of such foreclosure or set-off against such items of Borrower's obligations as Secured Party may select.

9.09 All rights and remedies of Secured Party whether provided for herein or in other agreements, instruments or documents or conferred by law are cumulative and not alternative and may be enforced successively.

10.00 SURVIVAL OF OBLIGATIONS

This agreement shall remain binding upon the heirs, estates, personal representatives, affiliates and successors, and permitted assigns of each of the undersigned; and the death of any of the undersigned shall not relieve its estate from any liability or obligation accruing prior to such death and shall not relieve or discharge any of the remaining undersigned from their liability hereunder. All rights of Secured Party shall inure to any affiliates, assigns or successors in interest of Secured Party.

11.00 BORROWER'S OBLIGATION TO PAY EXPENSES OF SECURED PARTY

The Borrower agrees to pay all reasonable expenses, including counsel fees and other expenses which may be paid or incurred by Secured Party for itself or as agent for any other Secured Party, in connection with the subject matter of this Agreement, the Obligation, the Collateral, or any rights or interest therein in the event of a default hereunder, including without limiting the generality of the foregoing, the enforcement of any security interest granted hereby, and representation in any litigation including any bankruptcy or insolvency proceedings, including expenses in connection with the preparation of this Agreement. All such expenses may be added to the principal amount of any indebtedness owed by the Borrower to Secured Party and shall constitute part of the Obligation secured hereby.

12.00 TERM

The term of this Agreement shall commence with the date hereof and continue in full force and effect and be binding upon Borrower until the Obligation, including any direct, indirect or contingent Obligation under Paragraph 2.00, shall have been fully paid and satisfied, and until so paid and satisfied, Secured Party shall be entitled to retain the security interest granted hereby in all Collateral. At any time, either party may advise the other that no further loans or advances are to be made, but such notice shall in no way cause the Obligation of the Borrower to Secured party to be waived.

13.00 AMENDMENT

This agreement constitutes the entire agreement between the parties and cannot be changed, waived, or amended except by an instrument in writing, signed by the Secured Party and Borrower herein.

14.00 ASSIGNMENT

Borrower shall not be permitted to assign this agreement, unless expressly authorized by the Secured Party, in writing. Secured Party may assign its interests under this agreement.

15.00 CONSTRUCTION

This Agreement shall be deemed governed in its entirety by the Commonwealth of Massachusetts. It is agreed and understood that, as this form of agreement may be used by persons of either sex and for one or more corporations and where there are several parties, in such cases, the masculine and singular as herein used shall be instead of and shall stand for the feminine or neuter gender or the plural number, as well as estates, heirs, conservators, and executors, as the context may require.

16.00 NOTICE

Any notice required or permitted hereunder shall be in writing and shall be duly given to any party if it is at least mailed first class, postage prepaid to the address set forth in paragraph 1.00 or to such other address as may be specified by notice in writing to the other parties by the party changing such address.

17.00 WAIVERS

No failure, indulgence, or delay by the Secured Party, or the holder of any Notes, mortgages, security agreements, pledges, or other documents executed in connection with this financial transaction, in exercising any right, power, or privilege hereunder against Borrower or guarantors shall operate as a waiver, novation, or estoppel thereof as against any or all of them. The Borrower waives demand, notice, protest, notice of acceptance of this agreement, notice of loans made, credit extended, collateral received or delivered or other action taken in reliance hereon, and all other demands and notices of any description. With respect both to obligations and collateral, the Borrower assents to any renewals, extension or postponement of the time for payment or any other indulgences, to any substitution, exchange or release of collateral, to the addition or release of any party or person primarily or secondarily liable to the acceptance of partial payments thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as the Secured Party may deem advisable in its sole and exclusive discretion. The Secured Party shall have no duty as to the collection or protection of collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto beyond the safe custody thereof. The Secured Party may exercise its rights with respect to collateral without resorting or regard to other collateral or sources of reimbursement for liability, and without necessity or requirement to marshal assets. No delay or omission on the part of the Secured Party in perfection, or

continuation of perfection, of any security agreement, pledge, mortgage, or other lien; failure to comply with requirements of any insurance policy upon assets of Borrower, or exercising any rights upon any of the foregoing shall be considered as an impairment of said collateral, or otherwise act to estop, waive or avoid full liability of the undersigned upon their said obligations in their original tenor. Any waiver, indulgence, or forbearance on any one occasion shall not be construed as a bar to or waiver of, any right or any future occasion.

18.00 JURY TRIAL WAIVER

All parties hereto, as well as Bank, hereby expressly waive all rights to trial by jury, as to all issues, including any counterclaims, without exception, in any action or proceeding directly, or indirectly, relating hereto, or any other loan documents executed in connection herewith.

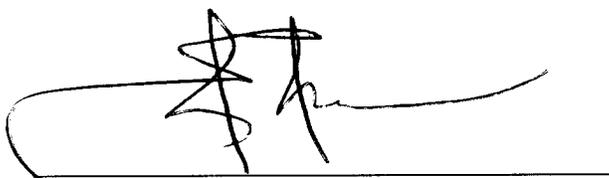
EXECUTED UNDER SEAL this 19th day of December, 1995, by the parties set forth below, or if a corporation, by duly authorized officers, agents, trustees, a general partner, or the case may be.

I, W. Robert Bentley, certify that I am the President of Massachusetts Central Railroad Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that the instrument was signed and sealed on behalf of the corporation by authority of its Board of Directors, and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the corporation. I further state under penalty of perjury that the foregoing is true and correct.

MASSACHUSETTS CENTRAL RAILROAD
CORPORATION

By:


W. Robert Bentley
Its President


WITNESS

COMMONWEALTH OF MASSACHUSETTS

Hampden, ss.

December 19, 1995

On this 19th day of December, 1995, before me personally appeared W. Robert Bentley, to me personally known, who being by me duly sworn, says that he is the President of Massachusetts Central Railroad Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.


LYDIA LEE CAMPANINI Notary Public
My Commission Expires: Dec 20, 1996

ANNEX "A"

All of Borrower's tangible and intangible personal property, and choses-in-action; including without limitation, all materials, new and used motor vehicles, machinery, equipment, goods, inventory, accounts, accounts receivable, chattel paper, general intangibles and amounts owed by other than customers, regardless of whether or not they constitute proceeds of other collateral; all choses-in-action, cash, cash deposits, deposit accounts, securities, stocks, bonds, documents, documents of title, instruments, deposits, debts, refunds, policies and certificates of insurance, obligations and liabilities in whatever form owing from any person, corporation, or other legal entity, all books, records, evidences of title, goodwill and all papers relating to the operation of the Borrowers's business; all federal, state, and local tax refunds and/or abatements and any loss carryback tax refunds; all patents, patents rights, trade secrets, know-how, trademarks, trade names, logos, registrations, customer lists, computer programs, and assignments of patents all intellectual property as defined in 11 USC 101 (53); all fixtures, real estate leases, any and all equipment leases, rental and other sums payable thereunder, other chattel paper, purchase option payments, lessor's interest in leased equipment and insurance proceeds; any licenses, including without limitation licenses to serve and/or sell alcoholic beverages, or interest in real estate; all liens, guarantees, securities, rights, remedies and privileges pertaining to all of the foregoing, all property allocable to unshipped orders and all merchandise returned by or reclaimed by or repossessed from customers, all rights of stoppage in transit, replevin, repossession and reclamation and all other rights of an unpaid vendor or lienor; and all interest or the debtor in goods or merchandise as to which an account receivable for goods sold or delivered has arisen, all additional property which may be described and annexed hereto and made a part thereof;

And all of the above, wherever located, whether now owned or now due or hereafter arising or acquired or coming due and including the products and proceeds thereof and all accessions and additions thereto and all replacements and substitutions therefore, cash and stock dividends (if applicable), and all proceeds of credit, fire, casualty, or other insurance upon said property, or any of the above, which are acquired with any cash proceeds or other collateral (all hereinafter called the "Collateral"). The term "proceeds" shall include, without limitation, all types or classifications of non-cash proceeds acquired with cash proceeds.

The collateral shall include, without limitation, the following:

Locomotives:

One (1) Mass Central Locomotive #2100
General Motors Electro-Motive Division (EMD)
Model NW5, Building 1946-1947 (D/100002)
Diesel Engine Type 12-567BC (Rebuilt, 1989)
Serial #A9604

One (1) Mass Central Locomotive #2443
General Motors Electro-Motive Division (EMD)
CF-7 Road Switcher, Built 1977
Diesel Engine Type 16-567-BC
Serial #K 50-11816

Container Handling Machine:

One (1) LeTourneau Container Handling Machine
Model #26-82-CH, Serial #1052

Remote Control System:

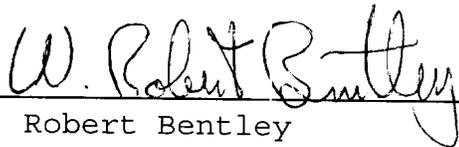
One (1) Control Chief Digital Radio Remote Control System
Model MDR-8450 450MHZ

Crane

MI-JACK MODEL AC800 STRATTLE CRANE: Serial #5021 with an expandable
grappler of 20 to 40 feet.

MASSACHUSETTS CENTRAL RAILROAD
CORPORATION

By: _____


W. Robert Bentley
Its President